

*Research Series on Director Skills
Gap Analysis: Paper 1 of 4*

**Skills Needed to be Engaged
and Knowledgeable Directors**

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Jody Herchenbach, Ph.D.

Assistant Professor, Agribusiness and Economics
University of Nebraska - Kearney

Brian Briggeman, Ph.D.

Professor and Arthur Capper Cooperative Center (ACCC), Director
Department of Agricultural Economics
Kansas State University

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The skill set of engaged and knowledgeable farmer cooperative directors is likely different today because the cooperative landscape has drastically changed. According to USDA data of agricultural cooperatives, since 2000, business volume has more than doubled and the total number of co-ops has been reduced by 50 percent. Furthermore, some local cooperatives now operate across a broad geographic area, including operating in multiple states. Given these shifts to the landscape, directors of farmer cooperatives need to ensure they have the necessary skills to lead and make decisions within this changing industry. But this begs the question, what skills are necessary for a director to be engaged and knowledgeable?

Answering this question is the focus of recent research conducted by Herchenbach (2022). We will discuss these research findings over 4 fact sheets devoted to identifying and assessing director skill gaps. This initial fact sheet identifies the necessary skills for a director to be engaged and knowledgeable. In subsequent fact sheets, we will dive deeper into what skill gaps exist, what are the most important skills needed and discuss a director skill assessment tool that can be used to identify needed training programs or areas of development for a cooperative's board of directors.

The start of this research required identifying an initial set of skills needed to be an engaged and knowledgeable director. We followed a qualitative data collection approach by conducting several interviews with Kansas farmer cooperative leaders. The interview questionnaire was designed to ask open-ended questions about director skills, which allowed the respondents to fully express their thoughts. We conducted personal interviews and led focus group discussions with a total of 68 Kansas farmer cooperative leaders – 17 directors, 22 CEOs/GMs and 29 cooperative employees or service providers to cooperatives.

Skills of Engaged and Knowledgeable Directors

There were three questions posed to the focus groups and the personal interviewees that captured a diverse group of responses which led to the final list of necessary director skills:

- What skills do directors need in order to be engaged and knowledgeable?
- What qualities or behaviors do you feel co-op boards should look for in potential directors?
- What do directors struggle the most to understand about serving on a farmer cooperative's board of directors?

Key themes arose from these three questions including: financial and business skills; communication skills; the ability to separate board responsibilities from the farm responsibilities; transitioning from having a personal agenda to being able to think for the collective good; understanding current economic conditions; loyalty; understanding director responsibilities; critical thinking and strategic thinking skills; willing to learn and being open-minded.

The figure below illustrates the responses from our focus groups and interviews. The larger the word or phrase in the figure, the more frequently that skill was mentioned. For example, Financial/Business Skills was mentioned 48 times while Listening Skills were mentioned just four times. In general, there was agreement and a lot of overlap between directors and CEOs on the necessary skills.

In looking at Figure 1, it is clear that open-minded, finance/business skills, willing to learn, communication and loyalty were at the top. However, skills like open-minded and willing to learn aren't easily taught. To focus the skills identified to those which could be developed with training, the list of skills was refined.

Figure 1: Graphical Representation of Director and CEO Responses



The collected responses were then compared to the literature on the skills and characteristics of farmer cooperative directors. Skills needed by directors of non-cooperatives were also considered. Comparing skill lists from a variety of resources as well as from our research results allowed for the identification of themes and similarities across responses. A total of eleven necessary farmer cooperative director skills were identified. They are provided in Table 1.

Table 1. Eleven Identified Necessary Farmer Cooperative Director Skills

Cooperative Finance	Leadership	Communication	Teamwork
Time Management	Cooperative Governance and Policy	Asking Critical and Constructive Questions	Understand Current Economic and Industry Conditions
Strategic Planning	Networking	Listening	

It is hard to argue with the eleven skills identified as being important for any farmer cooperative director to be engaged and knowledgeable. However, there are still eleven critical skills which is a lot to ask of a director to come in with to successfully serve on a board. Not everyone will be an expert in all 11 skills, and not everyone can spend the time enhancing some or all of these skills. Therefore, the focus should shift to determine where the biggest gaps are in these skills for a board of directors. And, for a new director coming onto the board, this can be used to help identify known skill gap areas and can help cooperative educators and senior management focus training to help bridge those areas where gaps exist.

In our next fact sheet, we will dive into a set of survey responses from farmer cooperative directors and CEOs on existing director skill gaps. Knowing where these gaps exist will help cooperative directors identify training programs to bridge those gaps.

References

Herchenbach, J. (2022). *Skills gap analysis of farmer-owned cooperative directors and its connection to the agricultural landscape* [Unpublished doctoral dissertation]. Kansas State University. Accessible here: <https://krex.k-state.edu/dspace/handle/2097/42379>